

BEFORE THE ARIZONA CORPORATION CONTINUES.

1 RECEIVED 2 **COMMISSIONERS** Arizona Corporation Commission BOB STUMP, CHAIRMAN 7014 FEB 14 A 11: 52 DOCKETED 3 **GARY PIERCE** FEB 1 4 2014 **BRENDA BURNS** AN CORP COMMISSION DŐĞKET **CONTRO**L **BOB BURNS** SUSAN BITTER SMITH **DOCKETED BY** 6 IN THE MATTER OF THE APPLICATION OF DOCKET NO. W-03514A-13-0111 PAYSON WATER CO., INC. AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND ORIGINAL PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY 10 SERVICE BASED THEREON. 11 DOCKET NO. W-03514A-13-0142 IN THE MATTER OF THE APPLICATION OF PAYSON WATER CO., INC. FOR AUTHORITY 12 TO ISSUE EVIDENCE OF INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED \$1,238,000 IN 13 CONNECTION WITH INFRASTRUCTURE IMPROVEMENTS TO THE UTILITY SYSTEM; AND ENCUMBER REAL PROPERTY AND STAFF'S NOTICE OF ERRATA PLANT AS SECURITY FOR SUCH 15 INDEBTEDNESS. 16 The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") 17 hereby submits a Notice of Errata for the Revised Attachment C "Purchased Water Surcharge 18 Examples" for Mesa Del Caballo. Staff filed the Revised Attachment of Page 1 of 2, but 19 inadvertently omitted filing Page 2 of 2 to the Attachment. Therefore, Staff is resubmitting 20 21 Attachment C in its entirety. RESPECTFULLY SUBMITTED this 14th day of February, 2014. 22 23 24 Juhner . 25 Røbin R. Mitchell Attorney, Legal Division

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Arizona Corporation Commission 1200 West Washington Street

1	Original and thirteen (13) copies of the
2	foregoing filed this 14 th day of February, 2014 with:
3	Docket Control
4	Arizona Corporation Commission 1200 West Washington Street
5	Phoenix, Arizona 85007
6	Copy of the foregoing mailed and emailed
7	this 14 th day of February, 2014, to:
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Revised

Attachment C

PURCHASED WATER
SURCHARGE CALCULATION
EXAMPLES
FOR
MESA DEL CABALLO

Page 1 of 2

MESA DEL CABALLO

Purchasaed Water Surcharge Calculation Example - When Less Than 100% of All Water Purchased From Town of Payson

Examples assume that 25% of total water purchased from the Town of Payson

Example 1 - Median Usage Customer - Mesa Del Caballo

This example illustrates how the purchased water surcharge would be calculated for a Mesa Del Caballo customer using 4,500 gallons; 75% (or 3,375) from Payson Water Company and 25% (or 1,125) from the Town of Payson.

	<u></u>	[8]	<u>[</u>	[<u>o</u>]	[E]	Ξ	[9]
		% of Gallons	Gallons In '000s			Difference	Purchased
	Total	From	From Town of	Town of	Avoided Costs	in Rate per	Water
	Usage	Town of	Payson	Payson	(See page 2	1,000 gal	Surcharge
	Assumption	Payson	Col A x Col B	Col A x Col B Commodity Rate for Calculation) Col D - Col E Col C x Col F	for Calculation)	Col D - Col E	Col C x Col F
Block 1	4,000 x	25% =	1.000	\$7.48 \$	\$ 0.60	\$ 88.9 \$ 09.0	\$ 6.88
Block 2	200 x	= %52	0.125	\$7,48	\$ 09.0 \$	\$ 6.88 \$	\$ 0.86
Total Usage Assumption	4,500		1.125				
					Total Mont	Fotal Monthly Surcharge \$	\$ 7.74 *

Example 2 - High Usage Customer - Mesa Del Caballo

This example illustrates how the purchased water surcharge would be calculated for a Mesa Del Caballo customer using 25,000 gallons; 75% (or 18,750) from Payson Water Company and 25% (or 6,250) from the Town of Payson.

*Excludes Taxes

*	29.12	ş	ly Surcharge	Total Monthly Surcharge \$						
						6.250			25,000	Total Usage Assumption
	23.57	\$	\$ 4.49 \$	\$ 2.99 \$	\$7.48	5.250	25% =	×		2
	5.55	\$	\$ 5.55 \$	1.93	\$7.48 \$	1.000	25% =	×	4,000 ×	slock 1
	I C x Col F	ပ	Col D - Col E Col C x Col F	Tariff Rate	Col A x Col B Commodity Rate	Col A x Col B	Payson		Assumption	
	Surcharge		1,000 gal	Company	Payson	Payson	Town of		Usage	
	Water		in Rate per	Payson Water	Town of P	From Town of	From		Total	
	Purchased		Difference			Gallons In '000s	% of Gallons			
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*Excludes Taxes

Docket Nos. W-03514A-13-0111 and W-03514A-13-0142 Calculation of Avoided Costs

Payson Water Company

		Calculation o	Calculation of Avoided Costs		
			Total Gallons		Cost
	Current		Sold Per 1,000 Per 1,000	Per	1,000
	Cost	Divided by	Cost Divided by From Sch E-7 Gallons	Ga	llons
Purchased Power for Wells (See Note Below)	\$ 28,241	/	51,230 \$ 0.55	\$	0.55
Depreciation Expense on Wells	· \$	_	51,230	\$	1
Chemicals	\$ 2,438	_	51,230 \$	\$	0.05
Water Testing	· \$	_	51,230 \$	\$	
				\$	09.0

was incurred for pumping water out of the wells and the other half of the purchased pumping expense was divided by 2 to reflect that approximately half of the purchased pumping power power expense of \$56,482 and dividing that number by 2. The purchased pumping power Note: The \$28,241 was calculated by taking the Company's actual test year purchased pumping power was incurred to transport the water from the storage tanks to the customers.